

July 2023

TRUSTEES

TRS Board of Trustees Meeting



**Teacher Retirement System of
Texas**

1000 Red River Street
Austin, Texas
78701-2698

**TEACHER RETIREMENT SYSTEM OF TEXAS MEETING
BOARD OF TRUSTEES**

AGENDA

July 13, 2023 – 8:00 a.m.

July 14, 2023 – 8:00 a.m.

TRS East Building, 5th Floor, Boardroom.

*All or part of the July 13-14, 2023 meeting of the TRS Board of Trustees may be held by telephone or video conference call as authorized under Sections 551.130 and 551.127 of the Texas Government Code. The Board intends to have the presiding officer and a quorum physically present at the following location, which will be open to the public during the open portions of the meeting: **1000 Red River, Austin, Texas 78701 in the TRS East Building, 5th Floor, Boardroom.** Members of the public may provide virtual public comment by registering first with the Board Secretary by submitting an email to publiccomment@trs.texas.gov identifying the name of the speaker and topic, no later than 5:00 pm on July 13, 2023.*

The open portions of the July 13-14, 2023, Board meeting are being broadcast over the Internet. Access to the Internet broadcast of the Board meeting is provided at www.trs.texas.gov.

NOTE: The Board may take up any item posted on the agenda during its meeting on July 13-14, 2023, beginning at the time and place specified on this agenda.

1. Call roll of Board members.
2. Consider the following administrative matters including approval of the May 2023 proposed meeting minutes – Jarvis V. Hollingsworth.
3. Review and discuss the Executive Director's report on the following matters – Brian Guthrie:
 - A. Review administrative operational matters, including updates on legislative, financial, audit, legal, staff services, special projects, investment matters, strategic planning, trustee elections, personnel matters, and Moving Forward Together Update.
 - B. Board operational matters, including a review of draft agendas for upcoming meetings.
 - C. Event notices or reminders; holiday and other schedules of interest; board member, employee or other individual recognitions; and expressions of thanks, congratulations, or condolences.
4. Receive an update regarding the 88th Regular Legislative Session – Merita Zoga and Addison Crank.

5. Receive TRS Quarterly Ombudsman's Report – Lori LaBrie.
6. Review and consider procurements and contracts, including the following – Shannon Gosewehr:
 - A. Receive Procurement and Contracts Update; and
 - B. Consider accepting the Procurement and Contracting Report.

NOTE: *The Board meeting likely will recess after the last item above to conduct committee meetings and will resume in the afternoon to take up item listed below.*

7. Consider personnel matters, including the appointment, employment, evaluation, compensation, performance, duties, discipline, or dismissal of the Chief Audit Executive – Jarvis V. Hollingsworth.

NOTE: *The Board meeting likely will recess after the last item above and will resume July 14, 2023, Friday morning, to take up items listed below.*

8. Provide an opportunity for public comment – Jarvis V. Hollingsworth.
9. Receive the report of the Strategic Planning Committee on its July 13, 2023 meeting – Committee Chair.
10. Receive the report of the Benefit Committee on its July 13, 2023 meeting and consider adoption, approval or acceptance of the following – Committee Chair:
 - A. Consider resolution directing staff to prepare for and issue the limited by age one time-stipend consistent with the provisions of Senate Bill 10 as passed by the 88th Texas Legislature Regular Session; Accept the Medical Board Meeting Minutes;
 - B. Consider the appointment of members of the Medical Board;
 - C. Consider the Benefit Payments for March 2023 – May 2023; and
 - D. Consider adoption of the plan design for the TRS-Care Standard Plan for FY 2024.
11. Receive the report of the Compensation Committee on its July 13, 2023 meeting – Committee Chair.
12. Receive the report of the Budget Committee on its July 13, 2023 meeting and consider adoption of the following: – Committee Chair.
 - A. Consider the adoption of the proposed fiscal year 2024 pension trust fund administrative operations budget, general provisions, and resolution authorizing transfer of pension trust funds to the TRS expense account to cover the expenses approved under the fiscal year 2024 budget.

- B. Consider the adoption of the proposed fiscal year 2024 administrative operations budgets and general provisions for the TRS health benefits funds (retired and active plans).
 - C. Consider the statutory certification of estimated state contributions to the State Comptroller of Public Accounts to be received by the retired school employees group health benefit fund for the fiscal year ending August 31, 2024.
- 13. Receive the report of the Policy Committee on its July 13, 2023 meeting and consider the following: – Committee Chair
 - A. Adoption of amendments to the Policy on Negotiated Rulemaking and Alternative Dispute Resolution; and
 - B. Adoption of the proposed amendments to the following TRS rules in Chapters 25, 29, and 47 of Title 34, Part 3 of the Texas Administrative Code:
 - 1. § 25.162. State Personal or Sick Leave Credit;
 - 2. § 25.302, relating to Calculation of Actuarial Costs of Service Credit;
 - 3. § 25.303, relating to Calculation of Actuarial Cost for Purchase of Compensation Credit;
 - 4. § 29.11, relating to Actuarial Tables;
 - 5. § 29.21, relating to Beneficiary Tables;
 - 6. § 29.71, relating to Tables;
 - 7. § 47.17, relating to Calculation for Alternate Payee Benefits Before a Member's Benefit Begins
- 14. Receive the report of the Investment Management Committee on its July 13, 2023 meeting – Committee Chair.
- 15. Receive the report of the Audit Committee on its July 14, 2023 meeting - Committee Chair.
- 16. Receive an update from the Deputy Director Update – Andrew Roth.
- 17. Receive an update on the TEAM Program – Andrew Roth, Chris Cutler, Billy Lowe, Jennifer Whitman, Adam Fambrough.
- 18. Receive a presentation from the TEAM Program Independent Program Assessment (IPA) Vendor – Laurie Patton, EY.
- 19. Receive quarterly update on TRS Data Protection and Security update – Frank Williams, Kristi Glasgall, Martin Cano and Beth Hallmark.

20. Consider the role, performance and engagement of Board Investment Advisor, Dr. Keith Brown including considering a finding that to deliberate or confer in open meeting would have a detrimental effect on the position of the retirement system in the negotiations with a third person – Brian Guthrie.
21. Consider an investment engagement with private equity manager, including considering a finding that deliberating or conferring in open meeting would have a detrimental effect on the position of the retirement system in negotiations with third parties or put the retirement system at a competitive disadvantage in the market – Eric Lang, Neil Randall and William Carpenter.
22. Review the report of the General Counsel on pending and contemplated litigation, including updates on litigation involving benefit-program contributions, retirement benefits, health-benefit programs, investment matters and open records and on legal or regulatory matters involving certain TRS vendors, investment managers, or other counterparties – Heather Traeger and J.R. Morgan.

The Board may convene in Executive Session under the following but not limited to:

- A. Texas Government Code, Section 551.071: Consultation with Attorney;
- B. Texas Government Code, Section 551.072: Deliberation Regarding Real Property;
- C. Texas Government Code, Section 551.074: Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees including but not limited to the Executive Director, Chief Auditor Executive, Chief Investment Officer.
- D. Texas Government Code, Section 551.076: Deliberation Regarding Security Devices or Security Audits;
- E. Texas Government Code, Section 551.089: Deliberation Regarding Security Devices or Security Audits;
- F. Texas Government Code, Section 825.115: Applicability of Certain Laws;
or
- G. Texas Government Code, Section 825.3011: Certain Consultations Concerning Investments.

Minutes of the Board of Trustees

May 30, 2023

The Board of Trustees of the Teacher Retirement System of Texas met on May 30, 2023, in the boardroom located on the Fifth Floor in the East Building of TRS' offices located at 1000 Red River Street, Austin, Texas, 78701.

The following Board members were present:

Jarvis V. Hollingsworth, Chair
Nanette Sissney, Vice Chair
Brittney Allred
Michael Ball
David Corpus
John Elliott
Elvis Williams

The following Board members attended via teleconference:

James Dick Nance
Robert H. Walls, Jr.

Others present:

Brian Guthrie, TRS	Rita Runnels, TX AFT Retiree Plus
Andrew Roth, TRS	Phyllis Ruffin TX AFT Retiree Plus
Don Green, TRS	Karen Haywood, BCBS
Heather Traeger, TRS	Dena Huggler, BCBS
Barbie Pearson, TRS	Pamela McPeters, TCTA
Katrina Daniel, TRS	Brock Gregg, TRTA
Amanda Jenami, TRS	
Meaghan Bludau, TRS	
Katherine Farrell, TRS	
Suzanne Dugan, Cohen Milstein	
Kirsten Schatten, Segal	

Mr. Hollingsworth called the meeting to order at 10:30 a.m.

1. Call roll of Board members.

Ms. Farrell called the roll. A quorum was present.

Mr. Hollingsworth provided welcoming remarks expressing appreciation for convening today in order to set the rates and benefits for TRS ActiveCare as well as handling other administrative items.

2. Consider the following administrative matters:

A. Approval of the April 2023 proposed meeting minutes; and

On a motion by Ms. Sissney, seconded by Mr. Elliott, the Board unanimously approved the minutes of the April 2023 Board Meeting, as presented.

B. Excusing Trustee's absences from the April 2023 meeting.

On a motion by Mr. Ball, seconded by Ms. Allred, the Board unanimously voted to excuse the absences of Trustees Corpus and Hollingsworth from the April 2023 meeting.

3. Resolution recognizing the service of Trustee Christopher S. Moss - Jarvis V. Hollingsworth.

Mr. Hollingsworth announced he had the following resolution for the Board's approval recognizing the service of Trustee Chris Moss:

Resolution

Whereas, Christopher S. Moss, known to all as Chris, has devoted 13 years of his life as a member of the Teacher Retirement System of Texas (TRS) Board of Trustees, and can rightfully claim the title of being the longest serving TRS Trustee in the 21st Century. He fulfilled his fiduciary duties and consciously guided the system for the sole and exclusive benefit of members and participants. He was first appointed by Gov. Rick Perry in March 2010 and then reappointed by Gov. Greg Abbott in May 2016; and

Whereas, he provided leadership during a time when the retirement system grew from approximately 1.3 to more than 1.9 million members and annuitants and the net position of the fund increased from \$95.7 to a peak of \$200 billion; and

Whereas, Chris chaired the Audit Committee which matured to the Audit, Compliance and Ethics Committee and he served as a member of the budget, benefit, investment management, risk management and strategic planning committees; he also served on the Texas Growth Fund and as the board TRS Enterprise Application Modernization (TEAM) liaison; and

Whereas, he played an active role in selecting a new executive director for TRS in 2011 and joined other trustees in commemorating TRS' 75th anniversary in 2012; and

Whereas, he proudly served his term when TRS began webcasting board meetings; promoted financial awareness and member education; offered remote counseling sessions for members; completed the largest health care procurement in TRS history, saving the system hundreds of millions of dollars over several years; completed an updated Pension Benefit Design Study; annually received the "Certificate of Achievement for Excellence in Financial Reporting" from the Government Finance Officers Association for the Annual

Comprehensive Financial Report; and annually hosted the Emerging Managers Conference; and

Whereas, Chris oversaw and provided valuable insight to TRS executives as they testified and provided information during six sessions of the Texas Legislature. Historic legislation was passed during the last several sessions leading to the actuarial soundness of TRS, funding to keep TRS-Care solvent, creation of an ombuds position, comprehensive changes to Employment After Retirement (EAR), and developing an outreach plan to assist members and employers with effectively planning for retirement; and

Whereas, during Chris' long tenure, TRS' presence expanded from Austin to London and El Paso. He was a fundamental part of TRS establishing the Teacher Retirement Investment Company of Texas (TRICOT) office in 2015 based in London, England, whose primary purpose is to increase the size and number of investment opportunities for the TRS portfolio. He also was an integral part of opening in 2022 TRS' first regional office in El Paso, Texas, in an ongoing effort to engage directly with TRS members and providing services closer to where members are located; and

Whereas, he was an essential member in the due diligence performed determining that after almost 50 years at the Red River headquarters, it was time for TRS to purchase a new headquarters outside of downtown Austin. This historic action by the board of trustees in 2021 resulted in the purchase of a two-building campus in the Mueller development that will house the entire agency, and serve TRS' growing membership for generations; and

Whereas, Chris' successful career and his exceptional professionalism, trust, and integrity has been a true asset to the TRS Board of Trustees; for 13 years, TRS and its members have immensely benefited from his contributions that have earned him the respect and admiration of all who have had the pleasure of working with him; and

Whereas, his energy and devotion to the role of board member will be difficult to match, he will leave TRS a better agency and on strong footing for those who follow; and

Whereas, Chris is now well deserving of some extra time to engage with his wife and "Dos Moss" – referring to his two sons – who are his greatest source of achievement, pride and inspiration; now, therefore, be it

Resolved, that the board of trustees and staff of the Teacher Retirement System of Texas recognize the accomplishments and contributions of Christopher Moss and express appreciation on behalf of TRS members both present and future,
and be it further

Resolved, that a copy of this resolution be presented to Christopher Moss and entered into the record of the board for May 30, 2023.

On a motion by Mr. Ball, seconded by Ms. Sissney, the Board unanimously approved the resolution as read.

Mr. Moss stated that the only thing he wanted to be was value-add. He said during his two terms of service there have been two ED's two chief audit executives, and he appreciated the staff that made the 13 years as fabulous as it has been.

4. Provide an opportunity for public comment – Jarvis V. Hollingsworth.

No public comment was provided.

- 5. Review and discuss the Executive Director's report on the following matters:**
- A. Administrative operational matters, including updates on financial, audit, legal, staff services, special projects, strategic planning, the 88th Legislative Session including bills impacting members and investments, and personnel matters.**
 - B. Board operational matters, including a review of draft agendas for upcoming meetings.**
 - C. Event notices or reminders; holiday and other schedules of interest; board member, employee or other individual recognitions; and expressions of thanks, congratulations or condolences.**

Mr. Brian Guthrie started by reviewing future and past meetings and conferences.

Mr. Guthrie provided an overview of the 88th Texas Legislative Regular Session that just ended. He said all legislation that has passed was now on the Governor's desk and he had until June 18th to sign or veto or allow it to become law without his signature. He reported this session saw the largest number of bills filed in history, 8,000 filed. Of those he said, just over a thousand have passed and will be considered by the Governor. He said to date, of those 1,246 bills that passed, 232 have already been signed, 23 have become law without his signature and two have been vetoed. He reviewed Senate Bill 10 that contemplates two different kinds of benefit enhancements for TRS' eligible retirees.

Mr. Guthrie discussed the \$588.5 million TRS received from the legislature to reduce premiums for TRS-ActiveCare. He thanked the chairs and members of both the House Appropriations Committee and the Senate Finance Committee, Dr. Bonnen and Chairman Huffman, for their diligent work. He said the goal of this funding is so that over the next several years increase premiums by less than 10 percent on average over the next four fiscal years. He concluded by reviewing the agendas for the next two scheduled Board meetings.

- 6. Receive an update and consider the following related to the TRS health benefits programs – Katrina Daniel, Meaghan Bludau and Melanie Ingleby:**
- A. TRS-ActiveCare FY2024 Self-funded Rates and Benefits Changes; and**
 - B. TRS-ActiveCare FY2024 Fully insured HMO Rates and Benefits Changes;**

Ms. Meaghan Bludau thanked the Board for convening one day after the close of the regular session. She said rates are usually brought to the Board in April to allow districts time to adopt their budgets, but this year the Health Division waited for the outcome of the legislative session. She said the rates for the current year factor in federal funds that allowed the rates to remain flat and even decrease in many parts of the state. With the additional appropriation for the upcoming biennium of \$588.5 million, it allows the rates to increase less than 10 percent on average. She said without this funding the rates would be higher than 20 percent.

Ms. Bludau shared the work they have been doing with districts over the last couple of years to diligently develop relationships with districts. She said health care is a significant line item on the budgets of districts and so they have been sharing data and information to help inform what drives health care costs in their regions and even in individual districts. Ms. Bludau provided a comparison between TRS to other large self-funded employers in Texas. She noted the TRS health plans have seen one-third the cost growth over the same time period as other large employers. She said this shows TRS health plans are already competitively priced. She said most of the savings are generated due to TRS scale and size and leverage in the market.

Ms. Bludau stated this is the second year for regional rating; the rates adopted today are the second set of rates regionally priced. She said the first year regional rates were in effect, districts could choose to leave and 90 percent stayed. She said for this upcoming year, in order to set rates they need to know who is in, and 99 percent of districts have chosen to stay. She said this is a pretty good indication that ActiveCare remains a very attractive option.

Ms. Kirsten Schatten stated the goal to adjust rates to a regional rating methodology was to be competitive with comparable products in their regions. She said they wanted to develop rates that would be competitive in each region but wanted to produce a methodology that would provide stability year over year even with those different rates in the 20 regions. She then described the factors incorporated in developing the rates for the 20 regions. Ms. Bludau noted one very important factor that went into the rates this year is the \$588.5 million appropriation. She said it is estimated to save employees about \$1,500 a year from their premium.

Ms. Bludau reviewed the benefit alignments. She said for the TRS ActiveCare HD, a high deductible plan that can be paired with a health savings account, the maximum out-of-pocket for that plan must track the IRS guidelines. She said they are recommending an increase from \$7,050 to \$7,500 for an individual and making a consistent change on the family tier as well. She said the recommendation was to match the maximum out-of-pocket

limit with the ActiveCare Primary Plan to the HD plan as well. She said for the Primary+ plan, the richest plan open to members, to adjust the deductible for the family from triple, \$3600, to double, \$2400, the cost for the individual deductible that is \$1200. Another benefit enhancement is to reduce the co-pay from \$30 to \$15 for the Primary + plan to be consistent with the Primary Care co-pay. She said federal mental health parity laws require mental health benefits to be consistent with medical benefits, so they are recommending a reduction in mental health office co-pay from \$30 to \$15 for the Primary+ plan to match the Primary Care co-pay. Additionally, she said Telemedicine has become increasingly popular, and in order to comply with mental health parity, they are recommending reducing the fee for accessing mental health from \$70 to \$0.

Ms. Bludau reviewed the two regional HMOS offered in certain regions of the state. She said Blue Cross Blue Shield is not recommending any benefit changes but will increase rates. She said Baylor Scott & White is recommending some benefit changes to keep their overall rate increase lower. Ms. Daniel noted the population in HMOs is about 1,800 contracts and is covering a diminishing portion of the ActiveCare population.

Ms. Bludau concluded by reviewing the communication plan to get the rates and benefits information out to districts following adoption today.

On a motion by Mr. Ball, seconded by Mr. Williams, the Board unanimously voted to approve the following resolution for TRS-ActiveCare fiscal year 2024 self-funded rates and benefit changes.

RESOLUTION APPROVING BENEFITS AND PREMIUM RATES FOR THE EXISTING PLANS IN TRS-ACTIVECARE

May 30, 2023

Whereas, Chapter 1579, Insurance Code (the “Texas School Employees Uniform Group Health Coverage Act”), governs the Texas School Employees Uniform Group Health Coverage Program, hereinafter referred to as TRS-ActiveCare, and authorizes the Teacher Retirement System of Texas (TRS), as trustee, to implement and administer TRS-ActiveCare, as described in the statute;

Whereas, TRS staff and consultants assisting staff (the “Consultants”) have recommended that benefit changes, as indicated below, be made to TRSActiveCare Primary, TRS-ActiveCare Primary+, and TRS-ActiveCare HD; and no benefit changes be made to TRS-ActiveCare 2 for the 2024 plan year commencing on September 1, 2023;

Whereas, the Texas Administrative Code, 34 TAC § 41.35, was recently amended to clarify that TRS has the authority to consider regional factors and other

underwriting considerations when establishing premium rates for different participating entities;

Whereas, TRS staff and the Consultants recommend that for the 2024 plan year commencing on September 1, 2023, premium rates for TRS-ActiveCare Primary, TRS-ActiveCare Primary+, TRS-ActiveCare HD, and TRS-ActiveCare 2, be set at the regional premium amounts set out in Exhibit A, attached to this resolution and incorporated herein by reference;

Whereas, The TRS Board of Trustees (“Board”) desires to adopt the recommendations of TRS staff and the Consultants; now, therefore, be it Resolved, That the Board hereby adopts and authorizes the following major benefit changes, subject to all other plan requirements and restrictions, for TRSActiveCare Primary, TRS-ActiveCare Primary+, and TRS- ActiveCare HD beginning in the 2024 plan year commencing on September 1, 2023 and thereafter, until further action by the Board:

TRS-ActiveCare Primary		
Plan Feature	Current 2023 Plan Year	Proposed 2024 Plan Year
Individual Out-of-Pocket Maximum	\$8,150	\$7,500
Family Out-of-Pocket Maximum	\$16,300	\$15,000

TRS-ActiveCare Primary+		
Plan Feature	Current 2023 Plan Year	Proposed 2024 Plan Year
Family Deductible	\$3,600	\$2,400
Primary Care Visit Copay	\$30	\$15

TRS-ActiveCare HD		
Plan Feature	Current 2023 Plan Year	Proposed 2024 Plan Year
<u>In-Network</u>		
Individual Out-of-Pocket Maximum	\$7,050	\$7,500
Family Out-of-Pocket Maximum	\$14,100	\$15,000

Resolved, That the Board hereby adopts and authorizes the premium rates for TRS-ActiveCare Primary, TRS-ActiveCare Primary+, TRS-ActiveCare HD, and TRSActiveCare 2 contained in Exhibit A, for the 2024 plan year commencing on September 1, 2023 and thereafter, until further action by the Board;

Resolved, That the Board hereby authorizes the Executive Director or his designees to take any actions that are necessary or advisable to implement the benefit structures and premium rates as adopted or authorized herein, and to take any actions that are necessary or advisable to otherwise implement, administer, and continue the TRS-ActiveCare, until further action by the Board.

On a motion by Mr. corpus, seconded by Ms. Sissney, the Board voted unanimously to approve the following resolution for the TRS-ActiveCare fiscal year 2024 fully insured HMO rates and benefit changes:

**RESOLUTION APPROVING BENEFITS, PREMIUM RATES, AND SERVICE
AREAS FOR HMOs ASSOCIATED WITH THE TRS-ACTIVECARE PROGRAM**

May 30, 2023

Whereas, Chapter 1579, Texas Insurance Code (the “Texas School Employees Uniform Group Health Coverage Act”), governs the Texas School Employees Uniform Group Health Coverage Program, hereinafter referred to as TRS-ActiveCare, and authorizes the Teacher Retirement System of Texas (“TRS”), as trustee, to implement and administer TRS-ActiveCare, as described in the statute;

Whereas, TRS currently has contracts with two health maintenance organizations (“HMOs”), Scott & White Care Plans (“SWCP”) and Blue Cross and Blue Shield of Texas (“BCBSTX”), which allows these entities to offer benefits to participants in TRS-ActiveCare who reside or work in the respective service areas of each HMO that have previously been approved by the TRS Board of Trustees (the “Board”) and are listed in Exhibit A, attached to this resolution and incorporated herein by reference;

Whereas, SWCP proposed major benefit changes for the 2023 plan year commencing on September 1, 2022, to the respective plan design the HMO offered in the 2022 plan year;

Whereas, BCBSTX did not propose any major benefit changes for the 2024 plan year commencing on September 1, 2023, to the respective plan designs the HMO offered in the 2023 plan year;

Whereas, TRS staff and consultants assisting staff (the “Consultants”) evaluated the proposed major benefit changes and recommend that for the 2024 plan year commencing on September 1, 2023, SWCP and BCBSTX be allowed to provide health care services to TRS-ActiveCare participants in their respective service areas, as approved by the Board, under the same respective plan design that each HMO offered in the 2023 plan year, with only those major benefit changes proposed by SWCP and noted hereinafter, along with any minor benefit changes that may be reflected in the applicable TRS and HMO plan documents;

Whereas, the Texas Administrative Code, 34 TAC § 41.35, was recently amended to clarify that TRS has the authority to consider regional factors and other underwriting considerations when establishing premium rates for different participating entities;

Whereas, TRS staff and the Consultants evaluated the benefits and premium rates proposed by SWCP for the HMO plan covering the forty-two (42) “Central Texas” counties listed in Exhibit A, the benefits and premium rates proposed by BCBSTX

for the HMO plan covering the four (4) “South Texas” counties listed in Exhibit A, and the benefits and premium rates proposed by BCBSTX for the HMO plan covering the ninety-two (92) “West Texas” counties listed in Exhibit A;

Whereas, TRS staff and the Consultants recommend for the 2024 plan year commencing on September 1, 2023, the Board approve the premium rates noted hereinafter, which premium rates include the same monthly administration fee of \$15.00 per employee enrolled in an HMO as previously approved by the Board for the 2023 plan year, to cover fees and other administrative expenses incurred by the TRS-ActiveCare program; and

Whereas, the Board considered the information provided by TRS staff and the Consultants and desires to approve the recommendations by TRS staff and the Consultants, including the respective, proposed plan designs being offered for the 2024 plan year commencing on September 1, 2023, by each of the two HMOs, with respective changes in benefits (including changes as noted hereinafter) proposed by SWCP, and the premium rates for the 2024 plan year commencing on September 1, 2023; now, therefore, be it

Resolved, that the Board hereby approves the proposal for SWCP to offer to TRSActiveCare Participants during the 2024 plan year commencing on September 1, 2023, the same plan design it offered in the 2023 plan year, with the following proposed major benefit changes, along with any minor benefit changes that may be reflected in the applicable TRS and HMO plan documents and subject to all other plan requirements and restrictions; and approves and adopts the following monthly premium rates, which rates include a monthly administration fee payable to TRS of \$15.00 per enrolled employee, for enrollment in this HMO during the 2024 plan year commencing on September 1, 2023, according to coverage tier:

SWCP Major Benefit Change Highlights

Plan Feature	Current 2023 Plan Year	Proposed 2024 Plan Year
Individual/Family Deductible	\$1,900/\$4,750	\$2,400/\$4,800
Individual/Family Out-of-Pocket Maximum	\$8,000/\$15,000	\$8,150/\$16,300
Primary Care Physician*	\$15 copay	\$20 copay
Member Coinsurance	20%	25%
Generic Drug (30/90)	\$12/\$30	\$14/\$35
Preferred Brand Drug	30% after Rx deductible	35% after Rx deductible
Specialty Drug	25%/35% after Rx deductible (preferred/nonpreferred)	35% after Rx deductible

*PCP copays for the first sick visit and for ages 0-18: \$0.

SWCP Monthly Premiums

Region	Coverage Tier	Proposed 2024 Plan Year Premiums Per Month
4	Employee Only	\$553.45
	Employee & Spouse	\$1,390.74
	Employee & Child(ren)	\$889.98
	Employee & Family	\$1,600.72
6	Employee Only	\$553.45
	Employee & Spouse	\$1,390.74
	Employee & Child(ren)	\$889.98
	Employee & Family	\$1,600.72
10	Employee Only	\$569.76
	Employee & Spouse	\$1,432.42
	Employee & Child(ren)	\$916.49
	Employee & Family	\$1,648.78
11	Employee Only	\$596.96
	Employee & Spouse	\$1,501.90
	Employee & Child(ren)	\$960.68
	Employee & Family	\$1,728.86
12	Employee Only	\$515.37
	Employee & Spouse	\$1,293.46
	Employee & Child(ren)	\$828.11
	Employee & Family	\$1,488.60
13	Employee Only	\$515.37
	Employee & Spouse	\$1,293.46
	Employee & Child(ren)	\$828.11
	Employee & Family	\$1,488.60

Resolved, the Board hereby approves the proposal for BCBSTX to offer to TRSActiveCare Participants who reside in the four (4) “South Texas” counties listed in Exhibit A during the 2024 plan year commencing on September 1, 2023, the same plan design it offered in the 2023 plan year, with no major benefit changes, along with any minor benefit changes that may be reflected in the applicable TRS and HMO plan documents and subject to all other plan requirements and restrictions; and approves and adopts the following monthly premium rates, which rates include a monthly administration fee payable to TRS of \$15.00 per enrolled employee, for enrollment in this HMO during the 2023 plan year commencing on September 1, 2023, according to coverage tier:

BCBSTX HMO Monthly Premiums

Region	Coverage Tier	Proposed 2024 Plan Year Premiums Per Month
1	Employee Only	\$777.14
	Employee & Spouse	\$1,882.30
	Employee & Child(ren)	\$1,217.66
	Employee & Family	\$2,003.82

Resolved, the Board hereby approves the proposal for BCBSTX to offer to TRS-ActiveCare Participants who reside in the ninety-two (92) “West Texas” counties listed in Exhibit A during the 2024 plan year commencing on September 1, 2023, the same plan design it offered in the 2023 plan year, with no major benefit changes, along with any minor benefit changes that may be reflected in the applicable TRS and HMO plan documents and subject to all other plan requirements and restrictions; and approves and adopts the following monthly premium rates, which rates include a monthly administration fee payable to TRS of \$15.00 per enrolled employee, for enrollment in this HMO during the 2023 plan year commencing on September 1, 2023, according to coverage tier:

BCBSTX HMO Monthly Premiums

Regions	Coverage Tier	Proposed 2024 Plan Year Premiums Per Month
9, 13, 14, 15, 16, 17, 18	Employee Only	\$865.00
	Employee & Spouse	\$2,103.16
	Employee & Child(ren)	\$1,361.42
	Employee & Family	\$2,233.34

Resolved, that the approved plans of coverage offered by each HMO only to participants in TRS-ActiveCare who reside or work in the respective service areas of each HMO, each of which commences on September 1, 2023, shall remain unchanged until further action by the Board.

Resolved, that the approved service area of each HMO shall remain unchanged until further action by the Board;

Resolved, that with prior written approval from the Executive Director or his designee, each HMO may offer to participants in TRS-ActiveCare who reside or work in the respective service areas of each HMO, lower premiums than those herein approved, each of which commences on September 1, 2023.

Resolved, that the Board authorizes the Executive Director or his designees to take any actions, including the expenditure of funds and the execution of all

documents, deemed by him or such designee to be necessary or advisable to implement this resolution and to administer the TRS-ActiveCare contracts with the HMOs in the best interests of the TRS-ActiveCare program.

7. **Review the report of the General Counsel on pending and contemplated litigation involving benefit-program contributions, retirement benefits, health-benefit programs, investment matters and open records and on legal or rgualtory matters involving certain TRS vendors, investment managers or other conterparties – Heather Traeger and J.R. Morgan.**

This item was not taken up.

At 11:55 a.m., Mr. Hollingsworth adjourned the meeting.

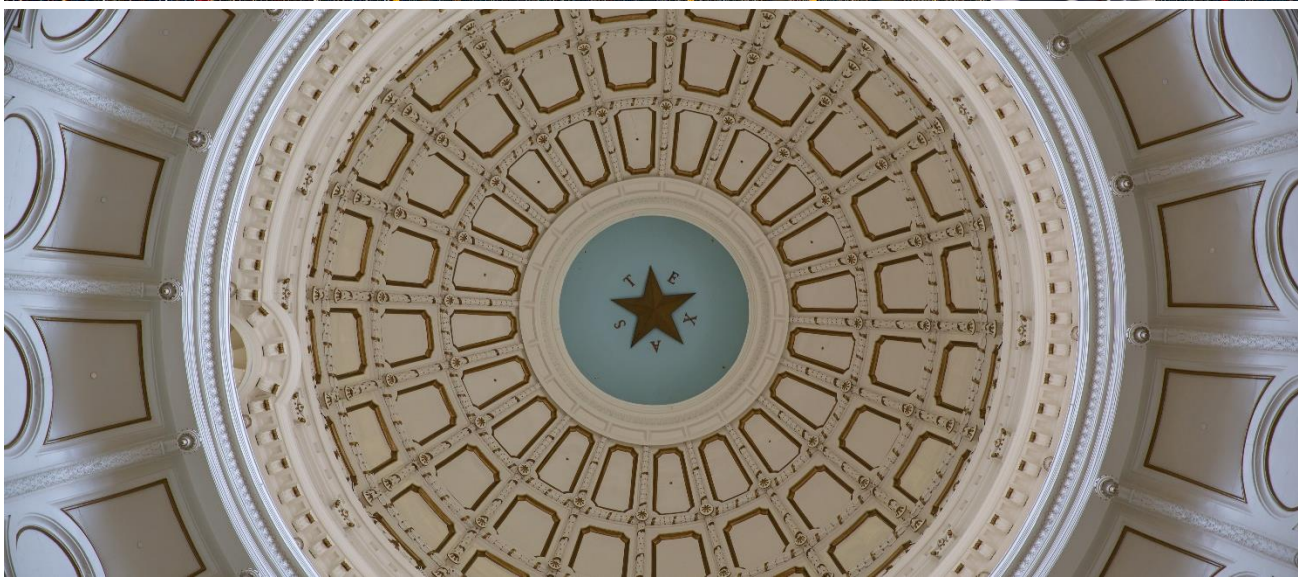
APPROVED BY THE BOARD OF TRUSTEES OF THE TEACHER RETIREMENT
SYSTEM OF TEXAS ON THE ____ DAY OF JULY 2023.

ATTESTED BY:

Katherine H. Farrell
Secretary to the TRS Board of Trustees

Date

TAB 3



Executive Director's Report

Brian Guthrie

July 13, 2023





General Updates

Moving Forward Together Update

Special Honors and Acknowledgments

Upcoming Board Meeting Agenda

Upcoming Conferences and Meetings:

- July 16 – 19, 2023: NCTR 23rd Annual Trustee Workshop, Williamsburg, VA
- July 19 – 21, 2023: PPI Summer Roundtable, San Francisco, CA
- July 20, 2023: TRS SPN, New York, NY
- August 5 – 9, 2023: NASRA Annual Conference, Broomfield, CO
- September 11 – 13, 2023: Council of Institutional Investors Fall Conference, Long Beach, CA
- October 7 – 10, 2023: NCTR Annual Conference, La Jolla, CA

One TRS: Moving Forward Together

ALPHA CONSTRUCTION STATUS



4th Floor Progress

BRAVO SHELL CONSTRUCTION STATUS



One TRS: Moving Forward Together

KEY UPCOMING MILESTONES

Milestone	Target Date
Open Alpha 4 TRS Conference Center	Mid to Late July 2023
Health Move to Alpha 4	Mid to Late July 2023
IS, IA, and IT Move to Alpha 3	Late August 2023
Bravo Office/Garage Shell Construction Complete	September 2023
Bravo T.I. Construction Start	July 2023

2023 Board of Trustees Election

TRS Board of Trustees Election

- May 5, 2023: TRS Board of Trustees Election for Retiree and At-Large positions concluded
- May 30, 2023: TRS Election Review Committee met and certified election results
- May 31, 2023: Sent letter listing the top candidates to Governor Abbott

Top 3 At-Large Candidates:

- Ms. Laronda Graf
- Mr. Lynn Graves
- Ms. Phyllis Ruffin

Top Retiree Candidates:

- Dr. Max Thompson
- Mr. Lamar Lewis



Special Honors and Acknowledgments



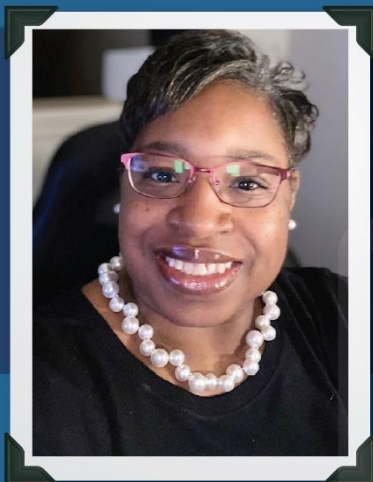
Public Service Recognition Week is an annual nationwide celebration honoring those who have chosen a career in federal, state, or local government.

This year, we spotlighted several of our colleagues who have celebrated the milestone of 25 or more years of service with TRS.

This group of six represents a handful of our 20 colleagues who exemplify what it means to commit to a career of public service and hold 639 combined years of dedication to our mission.

Special Honors and Acknowledgments

PUBLIC SERVICE RECOGNITION WEEK



Working at TRS means upholding a steadfast promise to our membership, the Texas public education employee, to deliver precise information and quality service in a timely manner.

Krishella C.R.
Benefit Processor Lead
25+ years at TRS



PUBLIC SERVICE RECOGNITION WEEK



I think of Public Service as more of a mission than a job. It's about serving people and their communities.

Chris C.
Chief Information Officer
25+ years at TRS



PUBLIC SERVICE RECOGNITION WEEK



It's a great feeling to know that I make a difference in the lives of millions of people who work in the Texas public school system.

Ken F.
Java Developer
25+ years at TRS



Special Honors and Acknowledgments

PUBLIC SERVICE RECOGNITION WEEK



TRS' mission to serve the employees of Texas public schools aligns with my deep appreciation, respect and deserved admiration of Texas educators.

Brian Z.
Supervisor, Legal Assistants
25+ years at TRS



PUBLIC SERVICE RECOGNITION WEEK



TRS has been a part of my life for over 30 years. I enjoy the work and the people. It has been my pleasure to serve our members at this workplace.

Linda D.
Employment After Retirement Specialist Senior
30+ years at TRS



PUBLIC SERVICE RECOGNITION WEEK



In addition to my years of service to TRS members, I am also a mother of two public servants; a firefighter and a teacher.

Christine B.
Benefit Processor Senior
30+ years at TRS



Special Honors and Acknowledgments

Public Service Recognition Week



[Public Service Recognition Week](#) is an annual nationwide celebration honoring those who have chosen a career in federal, state, or local government. While in past years the winners of the Executive Director and Shining Example awards have been announced, this year we'd like to spotlight 20 of our colleagues who have celebrated the milestone of 25 or more years of service with TRS. This group exemplifies what it means to commit to a career of public service and holds **639 combined years of dedication to our members!**

HUGE congratulations and many thanks to the following individuals:

Employee	Title	Years at TRS
Charles Vahrenkamp	Applications Developer Senior	45+
Denise Childress	Communications Editor	45+
Barbie Pearson	Chief Benefit Services Officer	35+
Kathy Mynar	Benefit Processing Consultant	35+
Brian Zunker	Supervisor, Legal Assistants	25+
Carol Lee	Legal Specialist Sr. Pension	25+
Carolyn Klassy	TEAM Program Special Advisor	25+
Cheryl Beck	Benefit Processor Senior	25+
Chris Cutler	Chief Information Officer	25+
Christine Buitron	Benefit Processor Senior	25+
Craig Nicholas	Java Developer Lead	25+
Cynthia Zuniga	Benefit Processor	25+
Denise Hope	Benefit Processor	25+
Ernie Jones	Director, Applications Dev	25+
Ken Fletcher	Java Developer	25+
Krishella Chandler-Robinson	Benefit Processor Lead	25+
Linda Davis	Employment After Retirement Specialist Senior	25+
Lisa Williams	Indexer	25+
Monica Larson	IPM Public Markets Analyst	25+
Robert Ramirez	Application Developer Senior	25+

Upcoming Agendas

September 14 - 15, 2023

September 14, 2023

Committees

Strategy and Planning Committee

Consider ED's FY 24 Areas of Focus
Update on Member & Employer Outreach

Benefits Committee

Operational Updates
Approval of Benefits
RAC Appointments & Chair

Compensation Committee

Review IMD and ED's PIPP

Policy Committee

Update Policy Review Schedule
Amend IPS
Adopt proposed rules implementing legislation

Investment Management Committee

CIO and Market Update
2nd Quarter 2023 Performance Review
Semi Annual Risk Report

ACE Committee

Proposed revisions to Internal Audit Charter
Proposed Annual Audit Plan for FY 2024
Planned Audit of ACFR and Financial Audit of TRICOT

September 15, 2023

Board

Approve Calendar Year 2023 Meetings
Performance Evaluations of Bd Direct Reports
Committee Reports
Health Care Actuarial Contract
Cybersecurity Update
ED Report
Ombuds Report
Deputy Director Report
TEAM Update

Upcoming Board Agenda

December 7-8, 2023

December 7, 2023

Committees

Strategic Planning Committee

- Results Forum Report Out

Benefits Committee

- Operational Updates
- Approval of Benefits

Compensation Committee

- Staffing, turnover and TRS Classification Plan Update

Budget Committee

- TRS Annual Comprehensive Financial Statement
- Report on Final expenditures re FY 2023

Policy Committee

- Rww Designation of Key Employees Policy

Investment Management Committee

- CIO Update
- 3rd Quarter Performance Review
- Annual Trading, Annual Risk & Portfolio Management, and SAA Kickoff
- Rww of Investment Operations

Audit, Compliance and Ethics Committee

- TRS Annual Comprehensive Financial Statement Audit
- TRS Investment Company of Texas (TRICOT) Financial Audit
- Completed Internal and External Audits

December 8, 2023

Board

ED Report
Deputy Director Report
Ombuds Report
Contract & Procurement Report
Information Security Update
TEAM Update
Committee Reports

TAB 4



88th Regular Legislative Session Update

Merita Zoga

July 13, 2023



88th Regular Legislative Session

8,345 bills and joint resolutions filed.

1,259 passed the Legislature.

76 bills and one line item were vetoed by the Governor.

~14% of all bills and joint resolutions filed became law.



HB 1: General Appropriations Act

House Bill 1

General Appropriations Act

Includes funding for state contribution increases from 86R SB 12: 8.25% for FY 2024 and 8.25% for FY 2025.

Maintains the 1.25% state contribution and the 0.75% district contribution to TRS-Care.

Includes \$588.5 million for TRS-ActiveCare.

Includes \$1.645 billion for the stipends provided by SB 10.

Includes \$3.355 billion for COLAs, contingent upon voter approval of HJR 2 in November 2023.

Includes a 5% increase in annual salary for all state employees in two fiscal years with a minimum increase of \$3,000 annually.



HB 1: General Appropriations Act

New Riders

- Analysis of High-Cost Hospital Claims.
- Contingent Appropriation for Teacher Retirement System (TRS) Additional Regional Office.
- Outside Legal Counsel: Health Care Related Claims & Litigation.
- Contingency for Senate Bill 10 & House Joint Resolution 2.

Deleted Riders

- External Communications Consultant Prohibition.
- Alternative Delivery Methods for TRS-ActiveCare.

HB 1: General Appropriations Act

EXISTING RIDERS

- Performance Measure Targets.
- Capital Budget.
- Updated Actuarial Valuation.
- State Contribution to Teacher Retirement Program.
- State Contribution to Texas Public School Retired Employees Group Insurance Program.
- Excess Benefit Arrangement Account.
- Transfer of Other Educational & General Income.
- Exempt Positions.
- Annual School District Contribution Rate to TRS-Care.
- Full-Time Equivalent Positions Intern Exemption.
- Limitation on Retirement Contributions to Public Community/Junior Colleges.
- Performance Incentive Compensation Payments.
- Settle-Up Dollars Directed to TRS-Care.
- Appropriation Transfers between Fiscal Years for TRS-Care.
- Contingent Appropriation of Pension Trust Funds for GASB Statement Implementation.
- TRS-Care Shortfall.
- Medicare Enrollment for Eligible Members of TRS-Care.
- Right to Shop Incentive.
- Exception to FTE Limitation for Board Fiduciary Finding.
- Cross-Agency Coordination on Healthcare Strategies and Measures.

SB 10 & HJR 2: TRS Retiree Benefit Enhancements

Stipends

A one-time \$7,500 stipend to eligible annuitants who are 75 years of age and older.

A one-time \$2,400 stipend to eligible annuitants age 70 to 74.

Cost-of-Living Adjustments

2% COLA for eligible retirees who retired between 9/1/13 through 8/31/20.

4% COLA for eligible retirees who retired between 9/1/01 through 8/31/13.

6% COLA for eligible retirees who retired on or before 8/31/01.

Paid to eligible annuitants in Jan. 2024 if HJR 2 is approved by Texas voters in the Nov. 2023 election.

Sign up
for Email
Updates



SB 1246: Enhance Investment Returns

Procurement & Contracting

Provides relief to statewide P&C requirements as timelines associated with the required procurement processes place TRS investment-related procurements at a competitive disadvantage in this marketplace.

Repurchase Agreements

Provides that Texas Comptroller (Texas Treasury Safekeeping Trust Company) may directly enter into repurchase agreements with other state investing entities which also have authority to invest in repurchase agreements, such as TRS.

Real Estate

Clarifies TRS' investment authority by defining securities under the law to include interests in wholly-owned real estate title-holding corporations controlled by TRS. Reinforces certain information is subject to disclosure.

Hedge Funds

Provides that the TRS Board of Trustees is to set the limit on hedge fund investments, as it does for all other asset classes.



New Laws: TRS Administrative Functions

SB 222

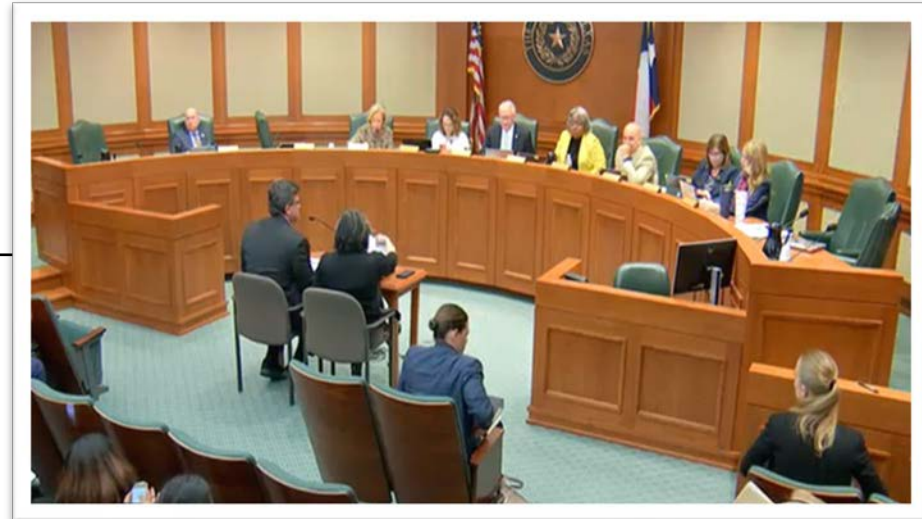
Provides forty days of paid parental leave to an eligible state employee for the birth of a child and twenty days of paid leave for the birth of a child by the employee's spouse, birth of a child by a gestational surrogate, or the adoption of a child. A state employee is not required to use all available paid vacation and sick leave before the employee is entitled to take paid parental leave. TRS employees are included.

SB 1659

Changes TRS' sunset date from 2033 to 2035.

HB 4510

Requires state agencies to submit unaudited annual financial reports by Nov. 1 each year and pushes back state agencies and others submission of audited annual financials to Dec.15 each year.



New Laws: TRS Health Care

SB 989

Requires TRS-Care and TRS-ActiveCare (and other entities) to provide coverage for biomarker testing with cancer and rare diseases when it is supported by medical and scientific evidence.

SB 1854

Requires TRS to contract for vision and dental plans as an optional benefit for TRS-Care participants.

HB 755

Prohibits TRS-Care and TRS-ActiveCare (and other entities) from requiring more than one prior authorization annually for a prescription drug prescribed to treat certain diseases.



New Laws: TRS Health Care

HB 916

Requires TRS-Care and TRS-ActiveCare (and other entities) to provide a certain number of months supply of covered contraceptive drugs.

HB 3414

Amends requirements for data collected, issued, and accessed from the all-payor claims database that is administered by the Center of Healthcare Data at The University of Texas Health Science Center at Houston. TRS-Care and TRS-ActiveCare (and other entities) must submit utilization data to the Center.

HB 4500

Requires TRS-Care and TRS-ActiveCare (and other entities) to make electronic verification of health benefits available to a hospital or freestanding emergency medical care facility.

HB 4990

Creates the Texas Pharmaceutical Initiative to provide cost-effective access to prescription drugs for TRS-Care and TRS-ActiveCare (and other entities). A business plan is due by Oct. 1, 2024. TRS will be on the advisory council.



New Laws: TRS Information Technology

SB 271

Expands applicability to local entities and adds a new definition of Security Incident to replace “breach/unauthorized exposure.” Expands notifiable security incidents and continues to require TRS to comply with DIR rules.

SB 1893

Requires state agencies to adopt a model policy prohibiting the installation or use of prohibited applications on any device owned or leased by the state agency and requiring removal of prohibited applications from such devices. Requires DIR and DPS to jointly develop a model policy for state agencies to use.

HB 2060

Creates an Artificial Intelligence Advisory Council to study and monitor AI systems developed, employed, or procured by state agencies. Report due Dec. 1, 2024.



New Laws: Pension Benefit Services

SCR 28

Urges Congress to repeal the Government Pension Offset (“GPO”) and the Windfall Elimination Provision (“WEP”) of the Social Security Act.

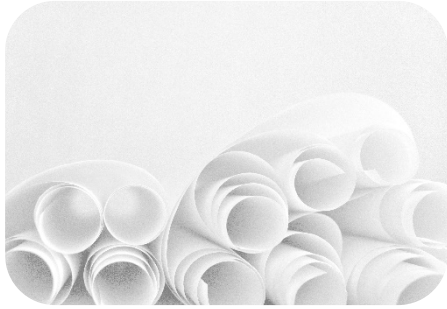
HB 108

Requires TxDMV to issue specialty license plates for classroom teachers with at least 15 years of teaching and retired classroom teachers with at least 20 years of service.

HB 4141

Requires TRS to conduct and deliver a study to the legislature on offering peace officers covered by TRS alternative service retirement benefits. Study due by Dec. 31, 2024.

New Laws: TRS and Other State Entities



Agency Rulemaking



Appropriations



Health Care



Human Resources



Information Technology

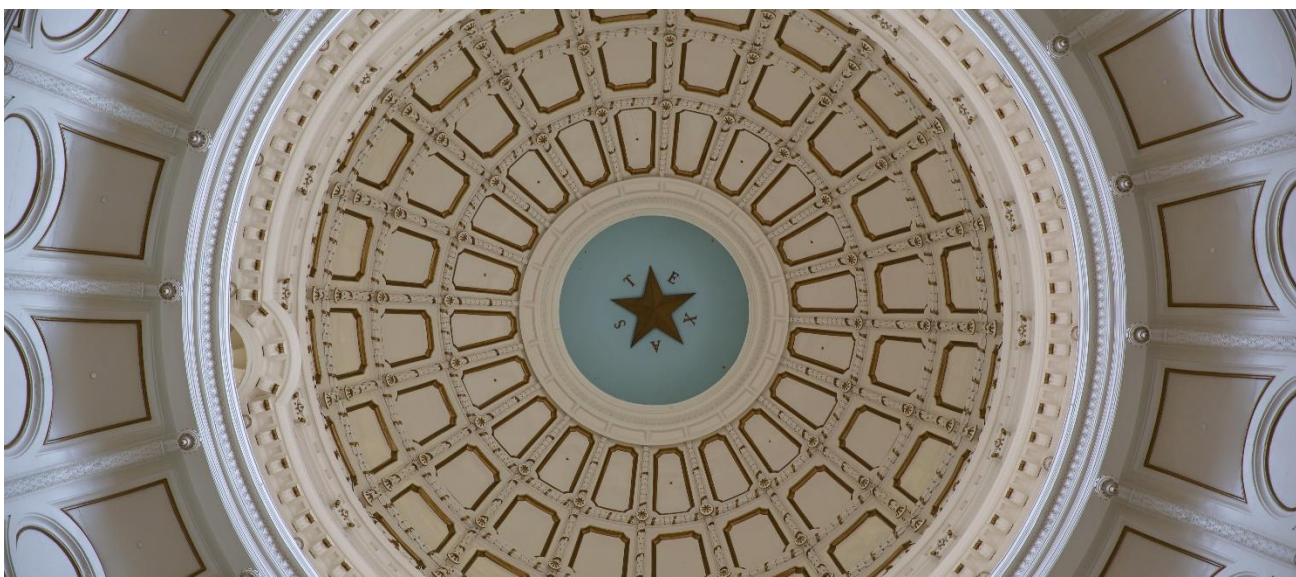


Investments

TAB 5



TRS Ombudsman Office



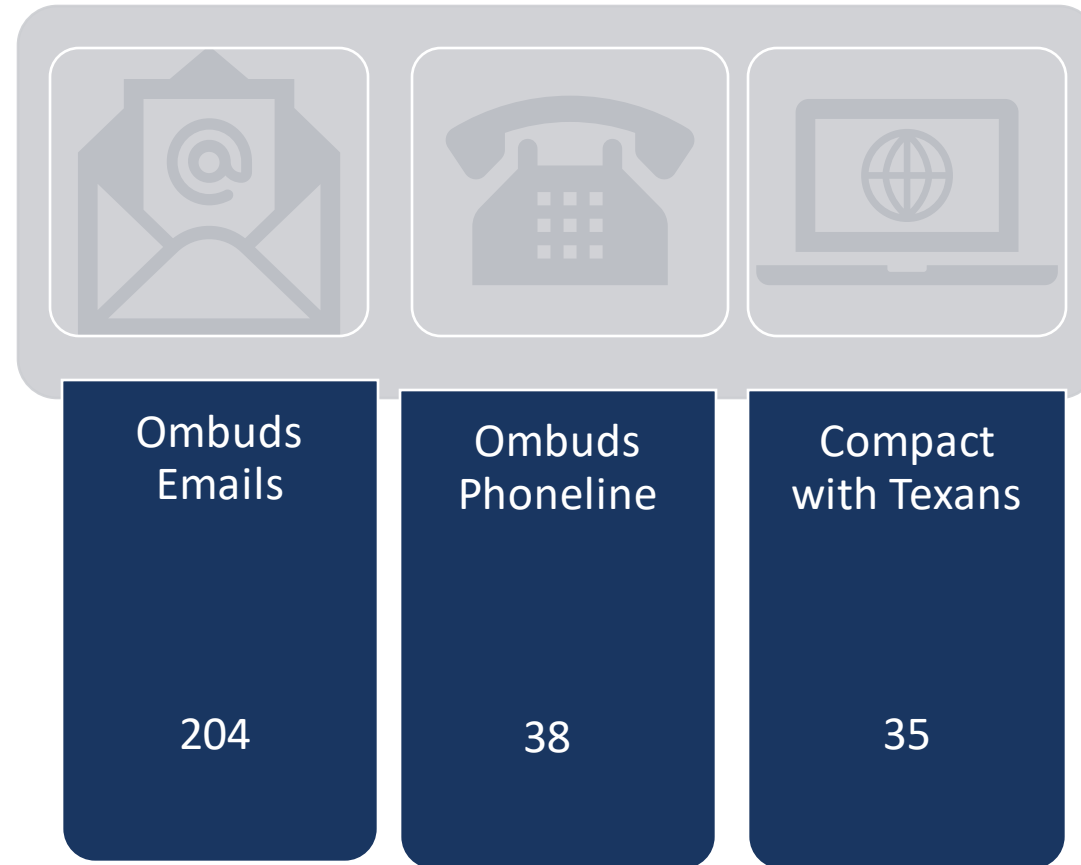
Lori LaBrie

July 13, 2023



Ombuds Communications

Jan – May 2023



Total Ombuds Communication: 277

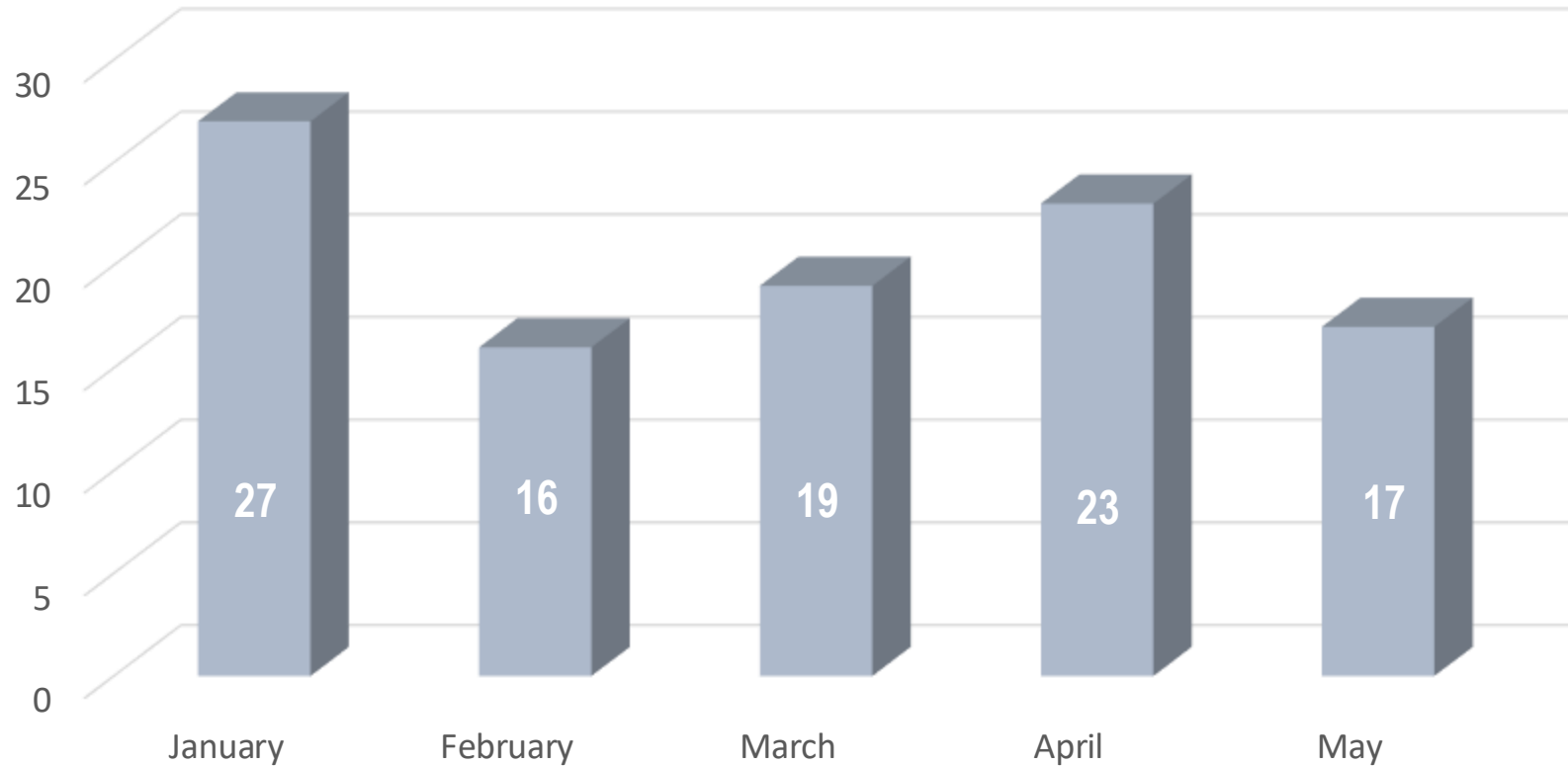
Social Media Comments on Large-Scale Agency Issues ("Hot Topics")



January 2023	February 2023	March 2023	April 2023	May 2023
Health Care (61)	COLA (68)	COLA (62)	COLA (58)	COLA (30)
COLA (32)	Social Security (42)	Health Care (21)	Health Care (14)	Health Care (10)
1099-R (12)	Health Care (24)	Social Security (16)	Social Security (3)	MyTRS (4)

Point-in-Time Complaints

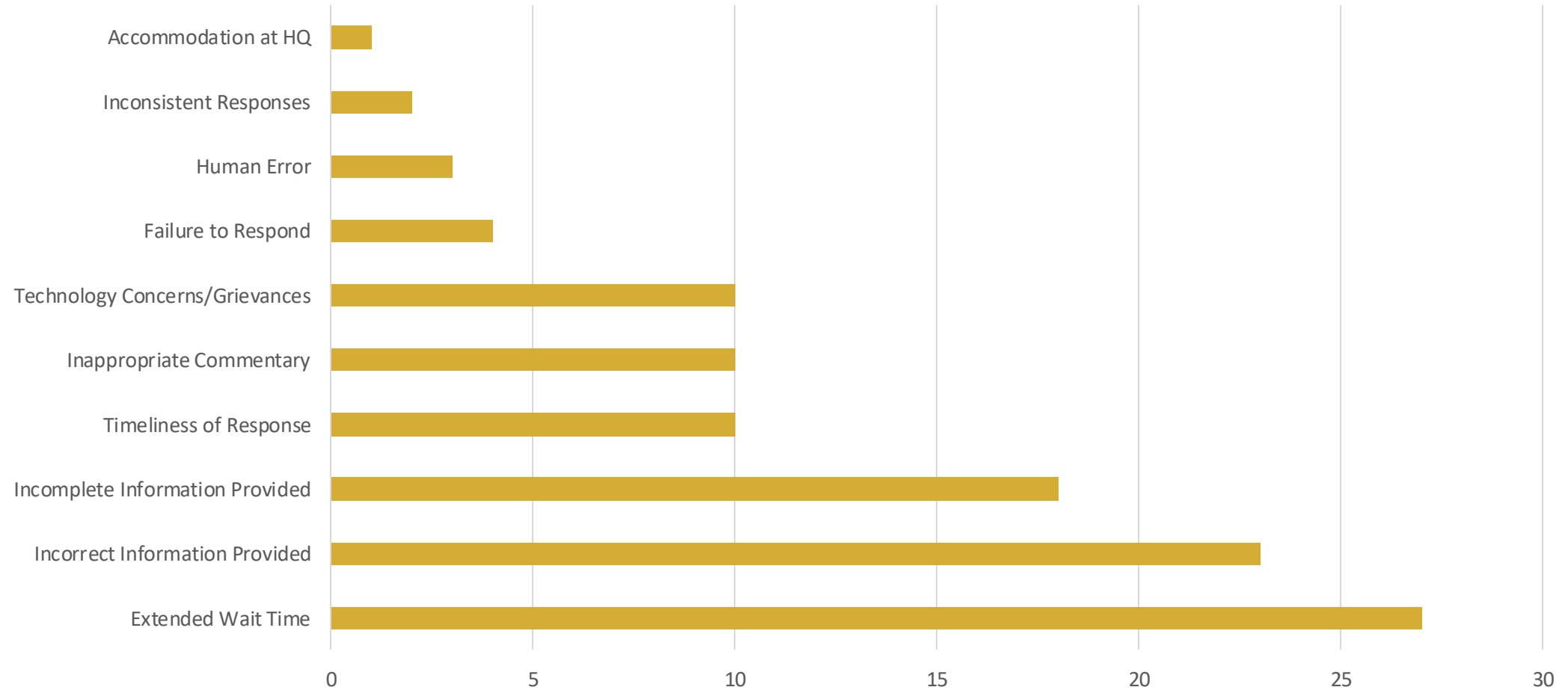
Jan – May 2023



Total Point-in-Time Complaints received: 102
Outstanding: 0

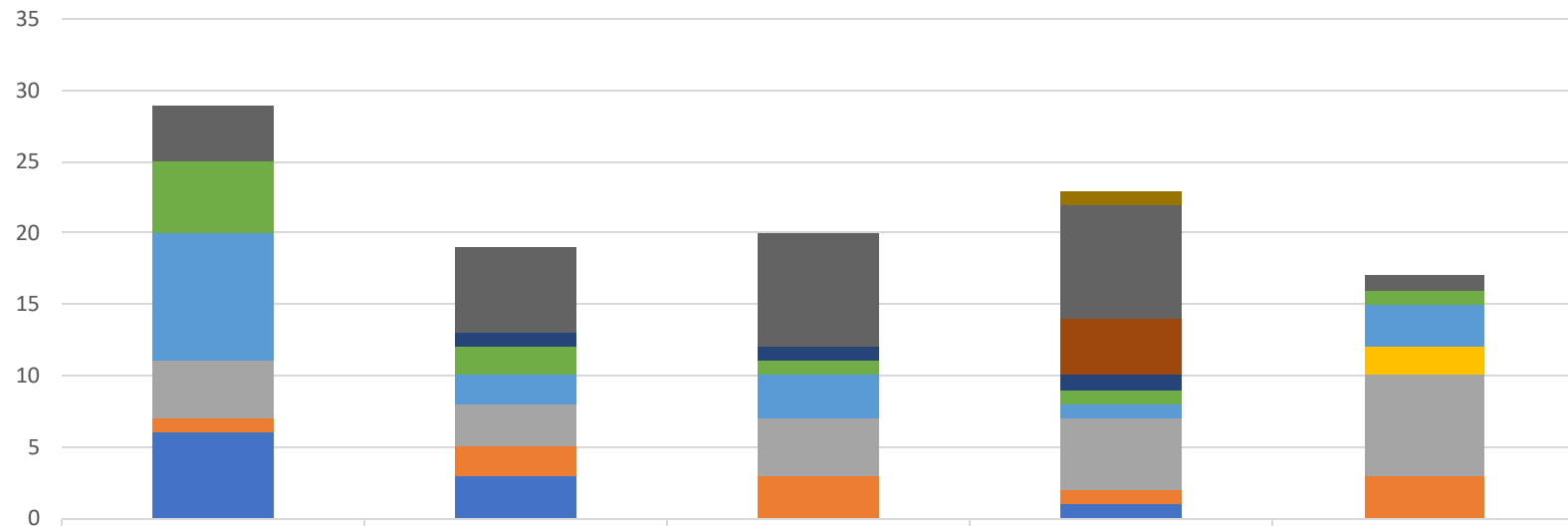
Point-in-Time Complaints by Category

Jan – May 2023



Point-in-Time Complaints by Category

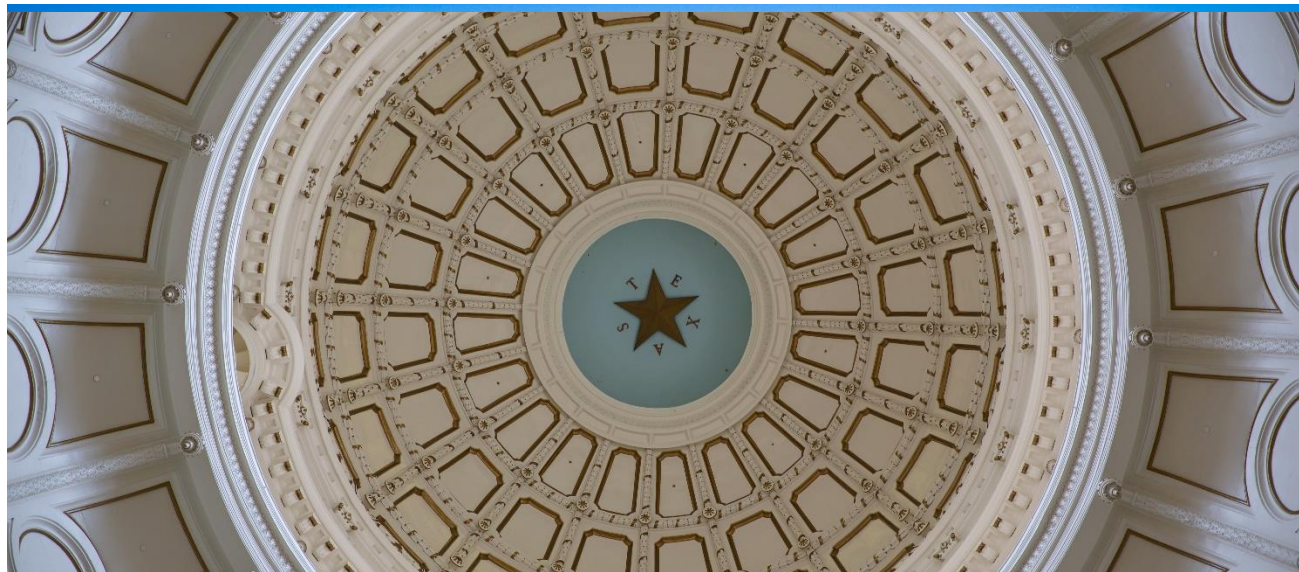
Jan – May 2023



	Jan	Feb	Mar	Apr	May
Accommodation at HQ				1	
Extended wait time	4	6	8	8	1
Failure to respond				4	
Human Error		1	1	1	
Inappropriate commentary	5	2	1	1	1
Incomplete information provided	9	2	3	1	3
Inconsistent responses					2
Incorrect information provided/entered	4	3	4	5	7
Technology concerns/grievances	1	2	3	1	3
Timeliness of response	6	3		1	

TRS
Service
Quality
empathy
Informal Concern
benefit guidance Transparency Assist Trust
aid impartial advice independent justice Collaboration Honor
listener truthful fairness support Neutral Encourage
Reliable Resolve altruistic respect
dependable cooperation

TAB 6



Business Administration – Procurement and Contract Management Update

Shannon Gosewehr

July 14, 2023





Contract and Procurement Processes Improved

SAO: “***no additional monitoring warranted***”

- Texas Government Code §2261.258 requires the State Auditor’s Office to assign ratings to indicate whether additional, standard, or reduced monitoring of contracting is warranted for each of the 25 largest state entities.
- SAO previously had assigned TRS a rating of *additional monitoring warranted* in contract management and termination.
- Improvements in TRS Procurement made in FY22-23 include:
 - Increased utilization of competitive bidding
 - PAVES – designed to improve business processes and assist in compliance with state laws and guidelines
 - Improved contract risk assessment questionnaire at renewal to include vendor performance
 - Strengthening of the contract management workforce – opening the CMO, enhanced training to include managing substandard vendor performance, and establishment of an enhanced contract monitoring plan.

Moving Forward: Senate Bill 1246

- Passed this Legislative Session, among other things, includes an exemption for TRS from several state procurement requirements included in Texas Government Code §§2261 and 2262.
- Flexibility will enable TRS to improve its procurement practices even further to make them faster and more efficient.
- Continue to ensure our procurement practices are ***competitive, transparent and designed to best meet the needs of TRS in service to our members.***
- TRS will review its processes in light of the new legislation and evaluate revisions to the TRS Procurement and Contract Management Guide.

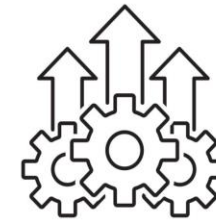
PAVES: Positive Impact on Year-End Processing



Due to the transparency of PAVES and continued communication with business units, P&C to date has received over **95%** of the required requisitions for fiscal year-end processing. This is a significant improvement over previous years.



With the development of PAVES monitoring tools, TRS now has reporting and metrics necessary to better evaluate and improve our procurement processes.



For example: To date, **80%** of all requisitions (those received timely and rushes) were processed within established lead times.

*TRS has spent \$7,353,221.11 year to date
21% increase from last year at this time*

Attended Senator West's HUB Forum on May 17 and 18

Building relationships in Dallas with the Dallas Black Chamber of Commerce and Greater Dallas Hispanic Chamber

HUB Coordinator

Staffing

- Contract Managers in the CMO work with the business units to manage contracts from execution to expiration or termination in accordance with the TRS Contract Management Program.
- Work with P&C and L&C staff on contract management issues.

Training

- CMO is providing contract management training for employees in the business units performing contract management functions to ensure a consistent approach across TRS.
- Training is 40% complete.

Reporting

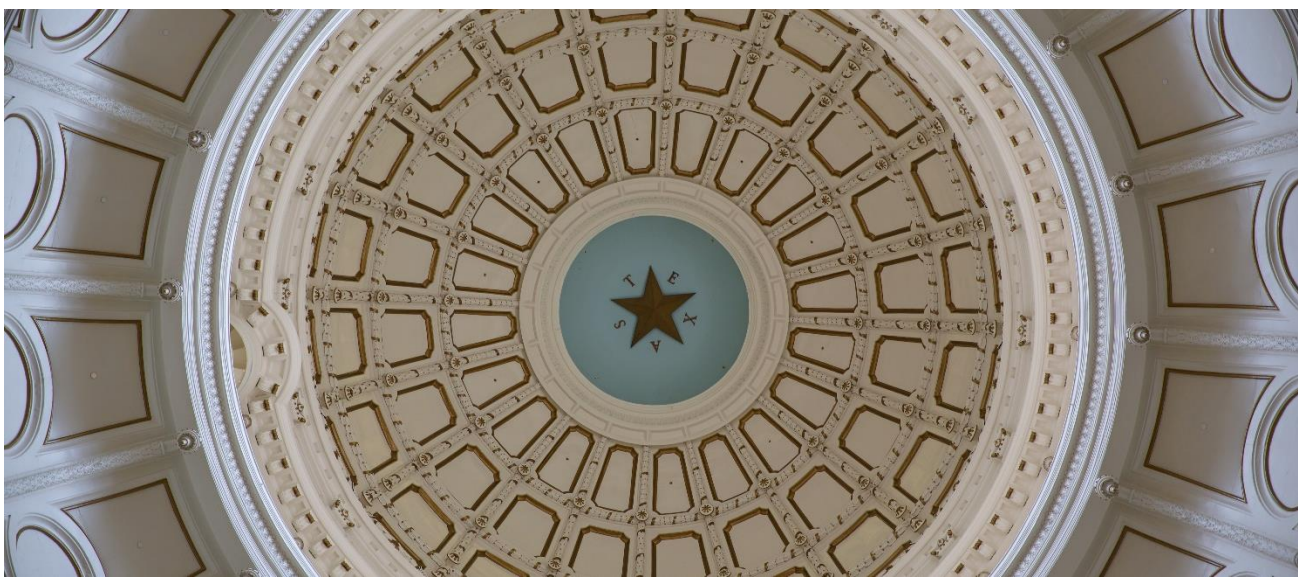
- Enhanced Contract Monitoring Quarterly Report.
- High risk contracts more closely monitored by the CMO either because of the dollar value of the contract or because other significant risk has been identified.

Solicitation and Contract Quarterly Board Report – Q3

Solicitations and Contracts with a Value of \$1 Million or More per Year

	Q1	Q2	Q3	Q4	Total
New Executed Contracts	0	2	0		2
New Executed Health Contracts	0	0	1		1
New FY23 Solicitations	4	2	0		6

TAB 16



Deputy Director Update

Andrew Roth

July 14, 2023



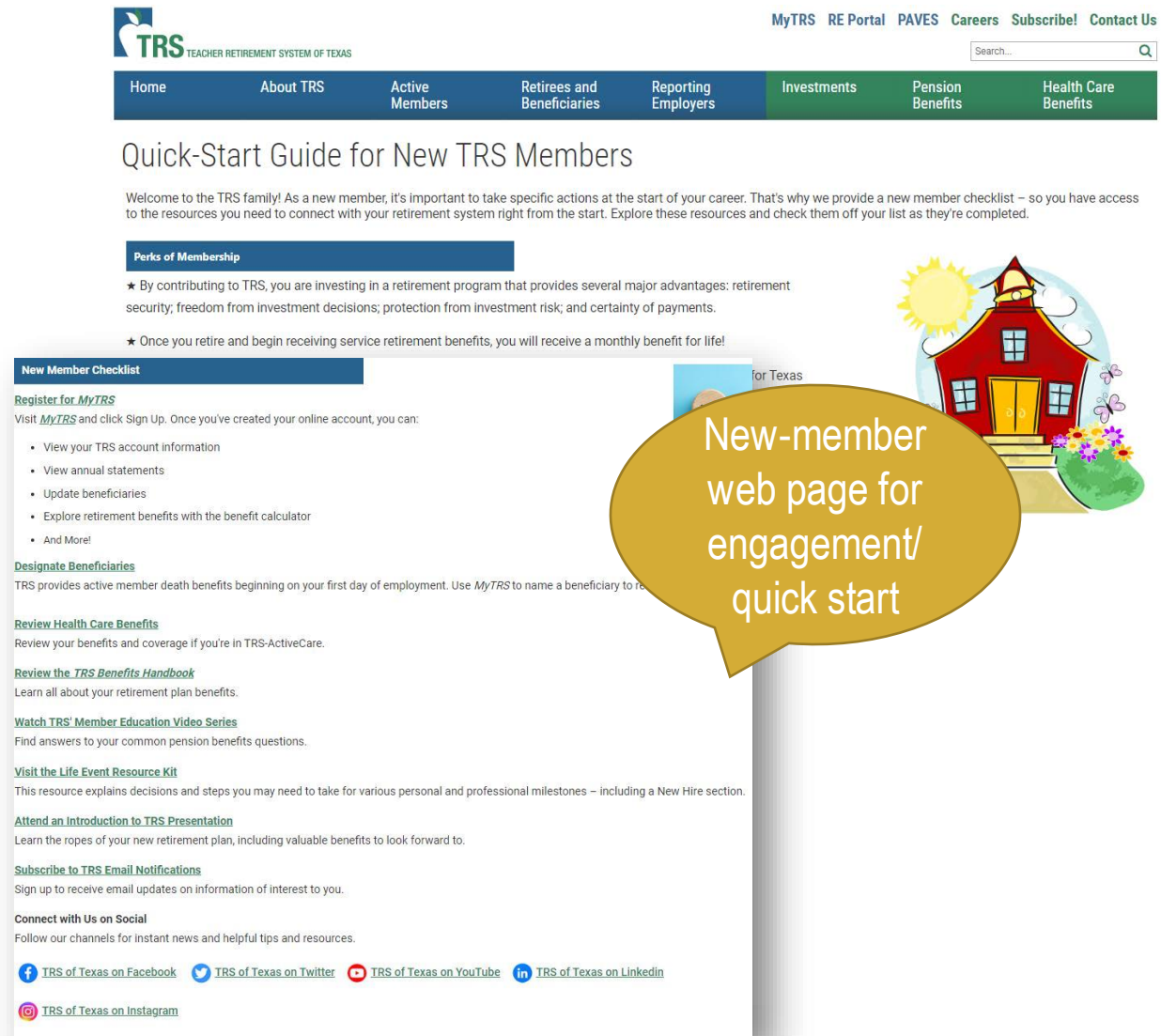
Agenda

I. Member Engagement

Member Engagement Highlights – July 2023



Sharing milestones!



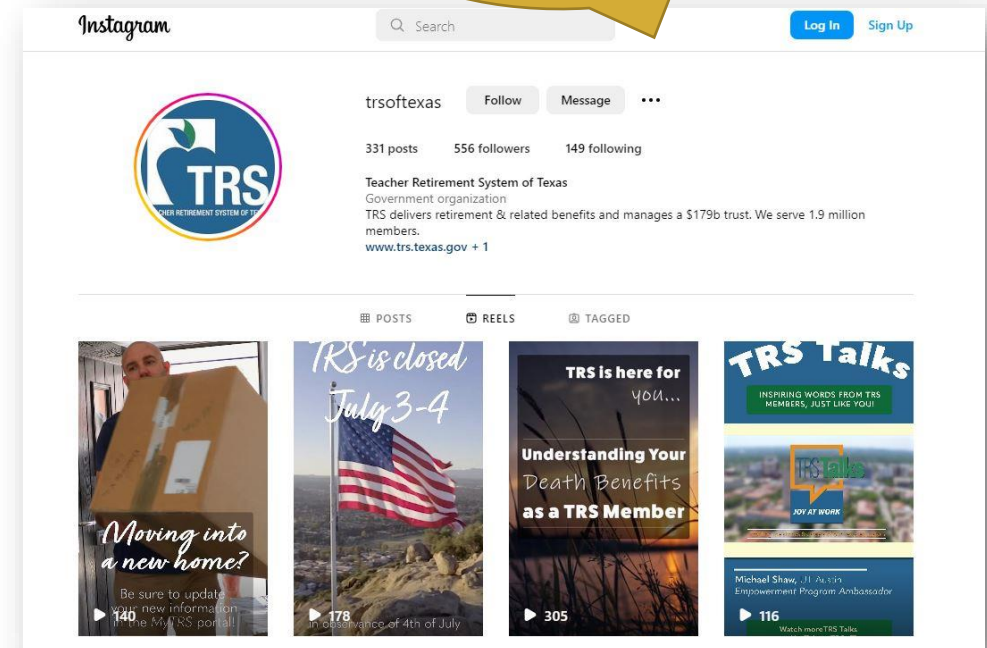
Member Engagement Highlights – July 2023



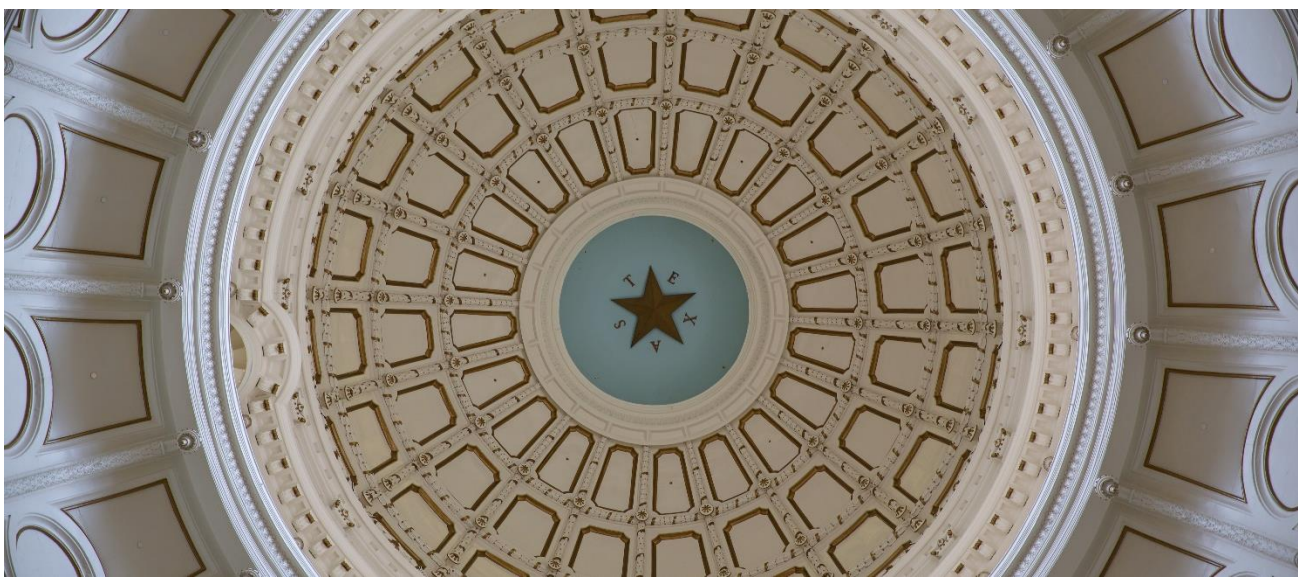
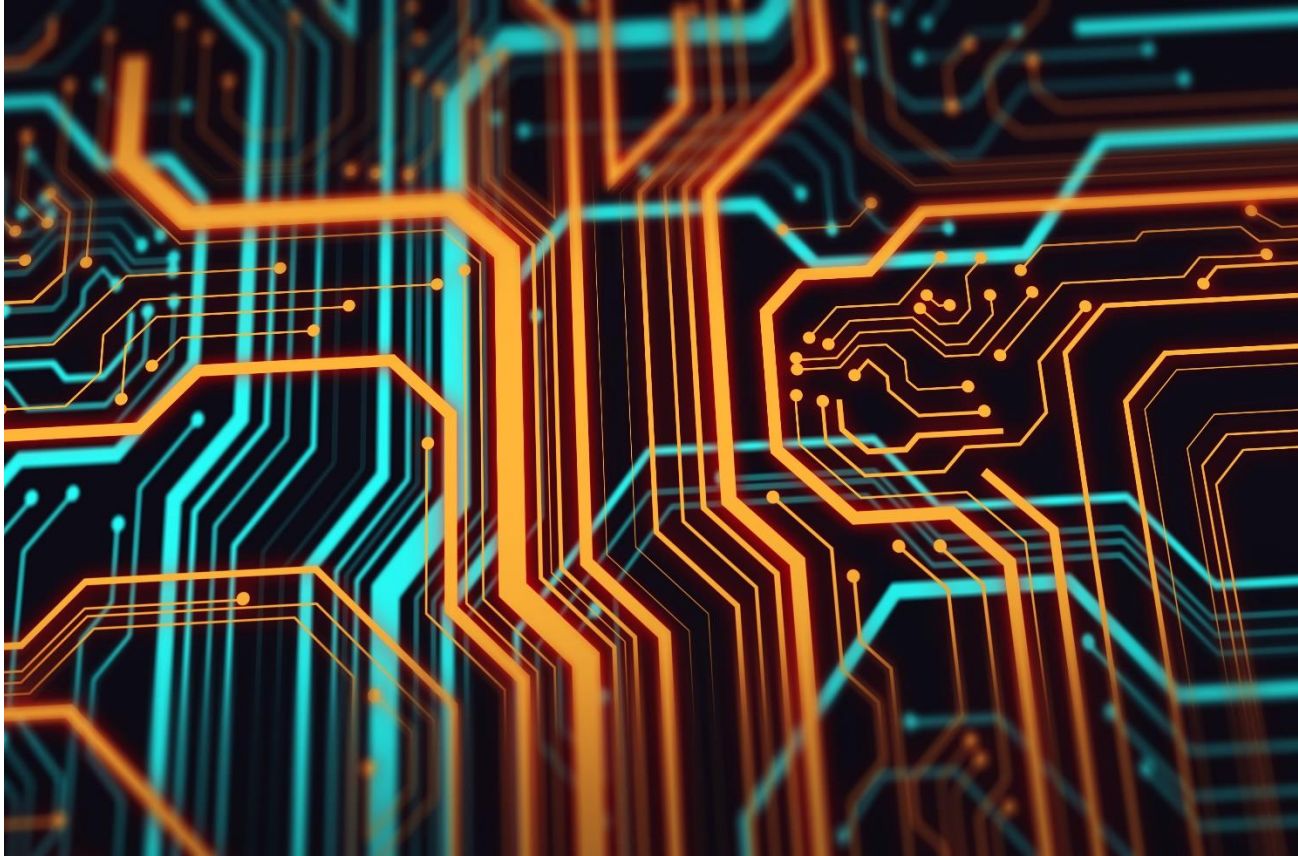
Digital
subscriptions
up 87%



TRS Instagram
launched June
2023



TAB 17



TEAM PROGRAM

Brian Guthrie
Andrew Roth
Chris Cutler

Adam Fambrough
Billy Lowe
Jennifer Whitman

July 14, 2023



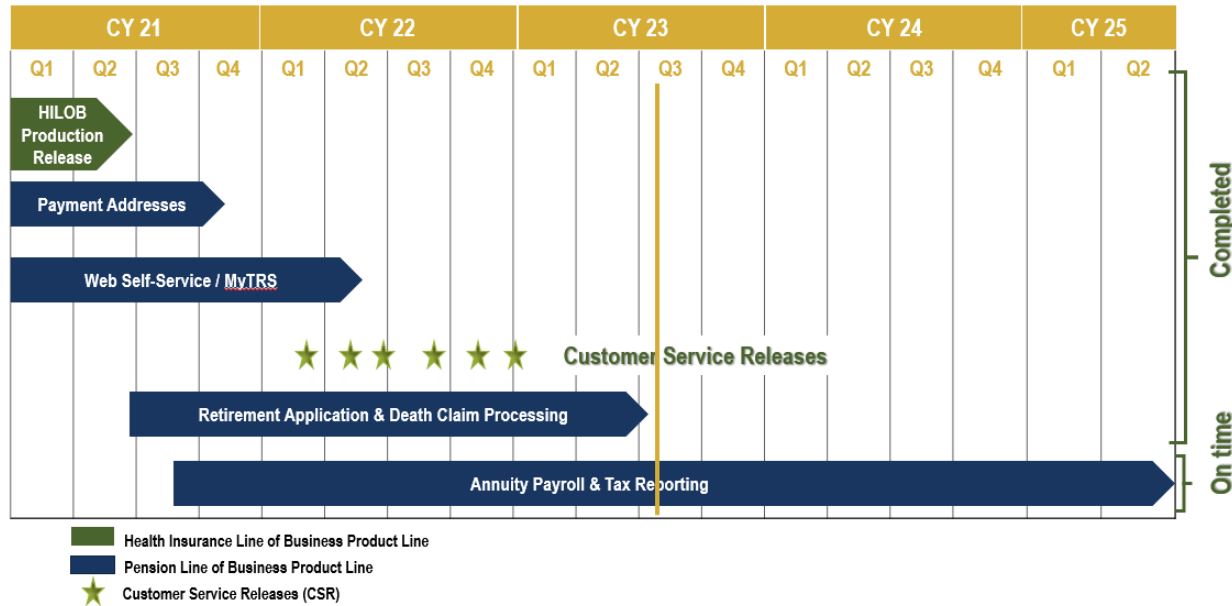
TEAM – WHERE WE ARE NOW



MEMBER
Focused

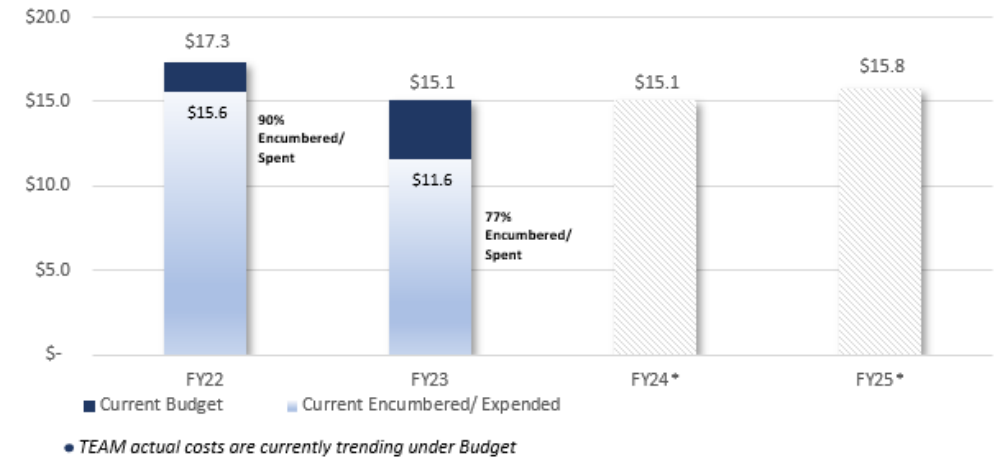


CONTINUOUS
Improvement



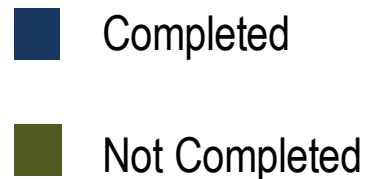
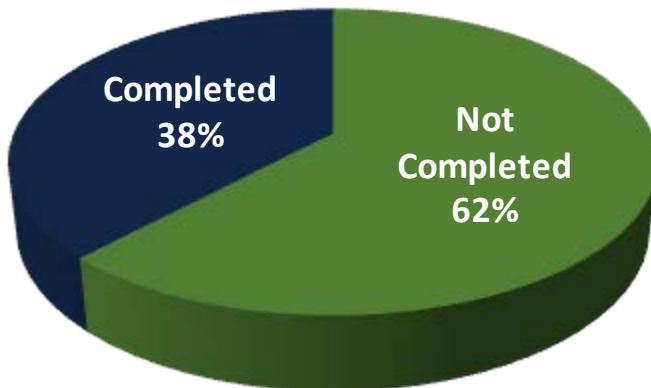
TEAM Budget Update

Amounts in millions



PERCENT SCOPE OF WORK COMPLETED

Annuity Payroll & Tax Reporting



KEY STATUS UPDATES

Achievements

- 05/10/2023 - Last Command center meeting for Retirement Application Processing and Death Claims release
- 06/25/2023 – Pension & Health Line of Business Systems Production Release
- MyTRS Web Self-Service Roadmap

Key Goals Upcoming

- 08/20/2023 - Pension & Health Line of Business Systems Production Release
- Annuity Payroll & Tax Reporting Schedule Analysis

TAB 18

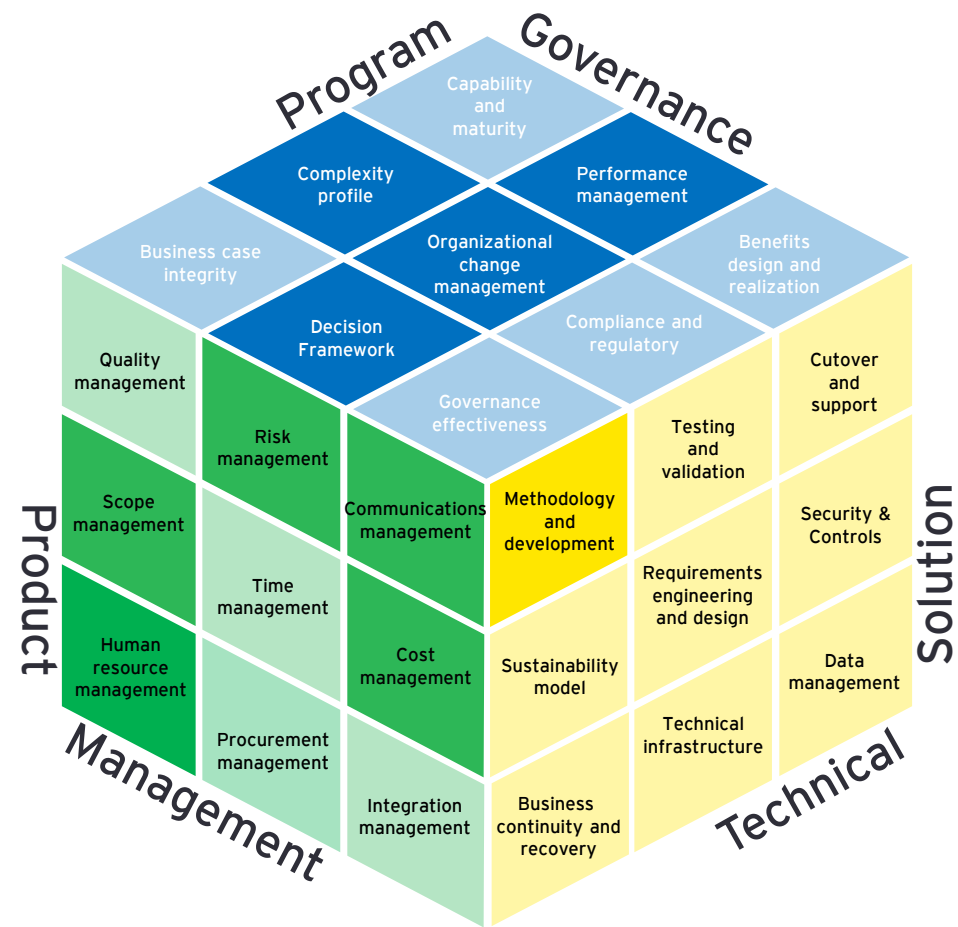
Independent Program Assessment

TRS Enterprise Application Modernization
(TEAM) Program

TRS Board of Trustees July 2023 Meeting



Agenda



Highlighted facets reflect what was observed during the review period.

- 01 > Executive summary
- 02 > Lessons learned
- 03 > Assessment scale

Executive Summary

Program Status

Overall	Project teams closed final RAP/DTH post launch incidents and are currently monitoring key performance targets and resolving defects for M&E release.
Scope	PBT requirements are signed off and scope has not changed.
Schedule	PBT delivery is scheduled for Q2 2025. PMO is conducting an impact analysis to confirm PBT Schedule.
Budget	Currently under budget for FY23 due to operating under planned resource level. Working to increase team size by two additional QA resources in FY24.

Terminology

PBT: Payroll, Business Account Adjustment, and Taxes

M&E: Maintenance and Enhancements

Impact analysis: Provides crucial insights into potential schedule adjustments

Technical debt: Unresolved compromises from expedient software development decisions

Project closure report: Summary report documenting project accomplishments and lessons learned

Team Accomplishments

PBT Team Update

The PBT team is accomplishing sprint goals by reducing user stories size and prioritizing technical debt.

Post RAP/DTH

After the initial release of RAP/DTH, the Command Center implemented daily morning and afternoon meetings to address defects and issues promptly.

Observations

Project Closure

While the TEAM is conducting lessons learned and knowledge sharing, a formal project closure report is not prepared after major releases summarizing results. This document is a leading practice.

Technical Debt

While technical debt is identified and monitored there are no formal metrics established to increase visibility into technical debt management, as well as provide for a helpful benchmark against industry standards.

Observations are value-added enhancements and not issues identified

Program Lessons Learned



Survey Feedback

Lessons Captured

Survey respondents identified team-level retrospectives as an area where there was room for improvement related to how lessons learned are captured and considered.

Agile Alignment

Team members rated the risk management methodology and maintaining long-term codebase health and productivity as areas where there was strong alignment to Agile principles.

Open Discussion

Written comments provided suggested improvements that can further streamline processes, enhance team collaboration, and better manage requirements and technical debt.

Takeaways

Areas of Improvement

- Refining practices
- Enhancing communication
- Improving backlog refinement
- Managing technical debt

Areas of Success

- + Communication with stakeholders
- + Collaboration with leadership on scope/expectations
- + Risk management practices

Areas of Focus

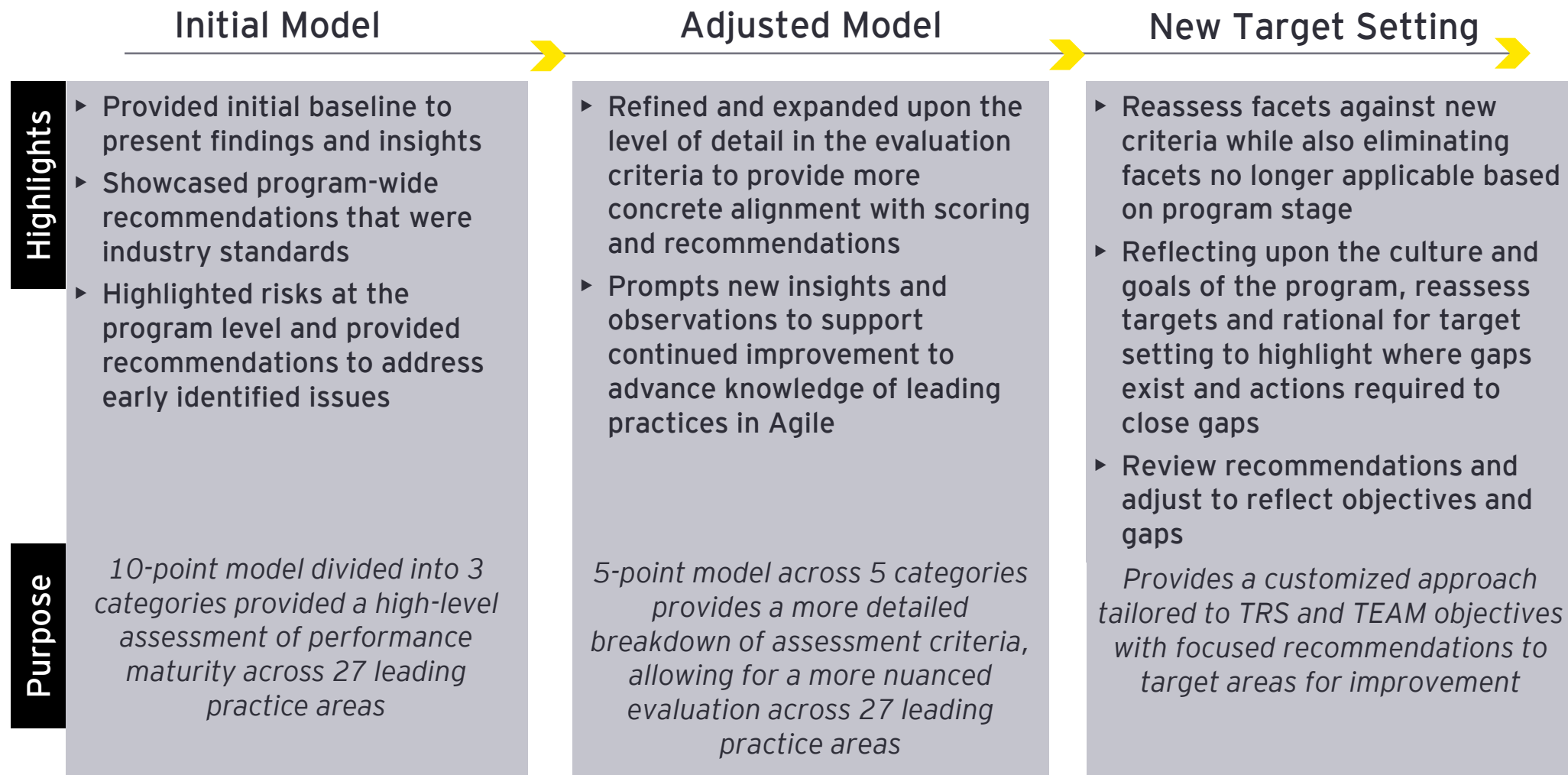
Prioritization

Creating a prioritization approach based on cost of delay and job size, enabling teams to maximize impact, increase customer benefits, and deliver value efficiently.

Planning

Reviewing previous and future sprint periods to compare the number of story points the team committed to at the beginning of the sprint to the number completed during the sprint.

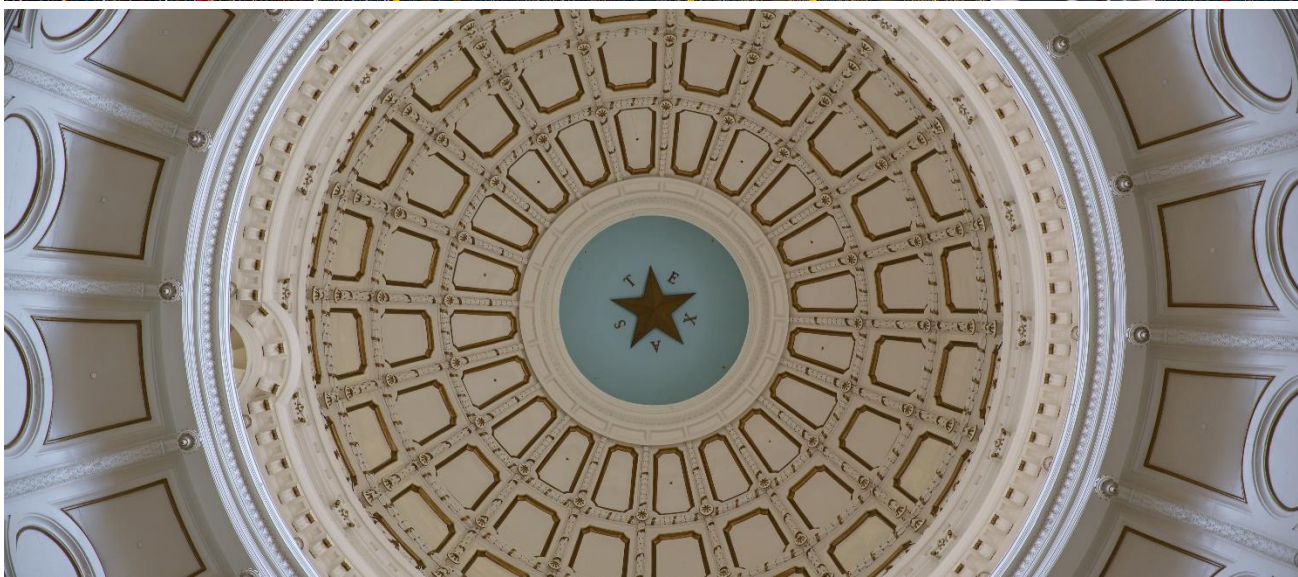
Assessment and Target Setting Refresh



Assessment Scale

1	2	3	4	5
Ad-hoc Agile	Evolving Agile	Hybrid /Streamlined Agile	Leading Scaled Agile	Scaled Agile Optimized
<ul style="list-style-type: none"> There is evidence that the enterprise has recognized that issues exist and need to be addressed. There are, however, no standardized processes; instead, there are ad hoc approaches that tend to be applied on an individual or case-by-case basis. The overall approach to management is disorganized. Agile is used inconsistently across the organization and testing is predominantly manual. 	<ul style="list-style-type: none"> Processes have developed to the stage where similar procedures are followed by different people undertaking the same task. Teams start to exhibit some consistent Agile habits and knowledge sharing begins to occur across teams but there is no formal training or communication of standard procedures, and responsibility is left to the individual. There is a high degree of reliance on the knowledge of individuals and, therefore, errors are likely. 	<ul style="list-style-type: none"> Procedures, roles and responsibilities have been standardized and documented, and communicated through training. It is mandated that these processes should be followed; however, it is unlikely that deviations will be detected. The procedures themselves are not sophisticated but are the formalization of existing practices. Organization follows hybrid agile practices which includes waterfall and agile. 	<ul style="list-style-type: none"> Management monitors and measures compliance with procedures and takes action where processes appear not to be working effectively. Measurement systems in place to track business value realization. Processes are under constant improvement. Automation and tools are used in a limited or fragmented way. Successful use of Agile at larger scale is portrayed. 	<ul style="list-style-type: none"> Processes have been refined to a level of leading practice, based on the results of continuous improvement and readiness modeling with other enterprises. IT is used in an integrated way to automate the workflow, providing tools to improve quality and effectiveness, making the enterprise quick to adapt. Lean and Agile are part of the organizational culture. Continuous organizational learning and optimization of work processes occur.

TAB 20



Role of the Board Investment Advisor

Brian Guthrie

July 14, 2023



- Fiduciary duty and Board Bylaws charge the Board with obtaining expert advice and assistance with respect to its investment functions.
- In 1993, the Board decided to engage an independent investment advisor in addition to the investment consultants retained at that time.
- Previous advisors were:
 - John Peavy who resigned to become the TRS Chief Investment Officer; and
 - Craig Hester who resigned to become the Chairman of the ERS Board.
- Current advisor, Dr. Keith Brown, has served since 2002.

- Dr. Brown's scope of work includes:
 - Attending Board and Committee meetings when investment reports are presented.
 - Offering independent advice to the Board regarding staff and investment counsel recommendations, including providing a written opinion on such matters in Board materials.
 - Providing advice to the Board regarding TRS investment matters, including advice on investment policies, asset allocation, and cash flow.
 - Being available to Board members for questions or consultation regarding TRS investment matters.
 - Bringing to the Board's attention any IMD actions that Dr. Brown thinks necessitate Board discussion.
 - Participating in Trustee orientation programs.
- Contract Status:
 - September 1, 2017, Dr. Brown and TRS agreed to a five-year term agreement with two, one-year renewals. There remains only one, one-year extension available under the agreement.
 - If Dr. Brown's contract is not extended it will expire August 31, 2023.